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ON PAGE 6.

NEW YORK DAILY NEWS
22 April 1982

CIA ADMIRAL WEIGHS ANCHOR

By JOSEPH VOLZ

Washington (News Bureau)—Adm. Bobby R. Inman, a highly regarded career intelligence officer, quit abruptly last night as deputy director of the Central Intelligence Agency amid reports he was concerned that the spy agency was going to move into domestic snooping.

After news of Inman's planned departure leaked on Capitol Hill, the White House released an exchange of letters between Inman, 51, and President Reagan.

Inman praised Reagan for "the commitment you have made to rebuild the CIA. And Reagan said he accepted the resignation—effective when a successor is found—with deep regret."

But reliable sources said Inman was deeply perturbed at

what he believed was a strong push by CIA Director William Casey to involve the agency in domestic activity. Recently, Inman told the Senate Intelligence Committee that "the job of the CIA is abroad. The CIA has no business involving itself in domestic operations."

Inman reportedly also has been worried about "crackpot" proposals for covert operations overseas on which he was asked to pass. He was particularly upset by one sabotage operation planned on behalf of the Israelis.

Inman plans to go into private industry. Administration sources said he had intended to quit at the end of last year but stayed on at the President's request.

Among those mentioned as his successor was John McMahon, a top CIA official in charge of intelligence analysis. It is customary, however, to have a military officer in one of the two top posts at the CIA.

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THE BALTIMORE SUN
22 December 1981

Reagan faults disarmament drive

Washington (AP)—President Reagan says the disarmament demonstrations that sent hundreds of thousands of people marching in the capitals of Western Europe this fall were all sponsored by an organization "bought and paid for by the Soviet Union."

President Reagan's statement, in an interview to be broadcast later this week, brought an angry rebuttal from spokesmen of the American anti-nuclear weapons movement. They said that Soviet-backed groups take part, but that the European peace movement is a broadly based protest against the prospect of a nuclear war being fought on European soil.

President Reagan's comment came in an interview taped last week for the Public Broadcasting Service program, "Ben Wattenberg at Large." The interview is to be aired Friday night. A transcript was made available yesterday to the Associated Press.

The president was asked about the protests, such as that which took place on December 5, when hundreds of thousands marched in Denmark, Switzerland, Italy, West Germany and Romania against U.S. and Soviet arms policies.

"Oh, those demonstrations," President Reagan said. "You could have used newsreels from the '60s in America. Those are all sponsored by a thing called the World Peace Council, which is bought and paid for by the Soviet Union."

The World Peace Council was identified in 1980 testimony before the House Permanent Select Committee on Intelligence by John McMahon, a Central Intelligence Agency official, as a Soviet front organization and "a political action tool in support of Soviet foreign policy goals and military strategy." Mr. McMahon said it operated in 130 countries.

U.S. peace group spokesmen did not quarrel with that description, but with President Reagan's assertion that "all" the demonstrations are sponsored by the communist-front organization.

"He's all wet," said John A. Sullivan, associate executive secretary of the American Friends Service Committee, a Quaker peace group. "He shows a profound ignorance of the peace movement of the 1960s and what American citizens were up to and that seems to me to be

matched by his observations about the peace movement in Europe today."

Mr. Sullivan said the European disarmament movement is supported by many organizations that are "religious and moderate in politics" and added, "They are not about to give away the concern for peace to any bloc."

Dr. Herbert Scoville, formerly a top CIA official and assistant director of the U.S. Arms Control and Disarmament Agency, also took issue with President Reagan.

"I believe that President Reagan greatly underestimates the strength and breadth of the anti-nuclear movement in Europe," said Dr. Scoville, now president of the Arms Control Association. "It is not just composed of communist-supported youths."

"Responsible people of all ages throughout Western Europe are extremely worried by the possibility of a nuclear war being fought on their lands. These fears have been accentuated by rash statements by American leaders implying that a European nuclear war would not necessarily extend to the United States."

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THE WASHINGTONIAN
NOVEMBER 1981

A REPORT CARD ON REAGAN'S PEOPLE

By Donald Lambro

Best Spies

William J. Casey: The CIA director has overcome an inauspicious start. The intelligence community didn't like his appointment, because he had no experience in modern clandestine work. Casey named a crony, businessman Max Hugel, as director of covert operations; Hugel was implicated in allegations of stock manipulation and abruptly left the CIA.

Nevertheless, Casey has shown the same skill in running the CIA that he displayed as Ronald Reagan's campaign manager and, before that, as chairman of the Securities and Exchange Commission. He inherited an agency weakened and demoralized by his predecessor, Admiral Stansfield Turner, and he has improved both its performance and morale.

"Morale is certainly higher at the agency than ever before," says an agency source. "Casey has been making the right moves. He's getting us back on track."

John McMahon: Unlike Casey's own appointment, his choice of McMahon to run the CIA's National Foreign Assessment Center was applauded. A career agent, McMahon is one of the most highly regarded senior officials within the CIA. He spearheaded a CIA exposé of the Soviet Union's worldwide disinformation and forgery activities.

Casey was alarmed by apparent weaknesses of the agency's analytical output, and told McMahon to shape up the division quickly so government policymakers would get accurate insight and analysis on a broad range of strategic issues. Intelligence sources credit McMahon with instituting changes long overdue. "We can already see an improvement," one reports.

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HUMAN EVENTS
10 October 1981

THIS WEEK'S NEWS FROM

Inside Washington

The King-USSR Connection

How the Soviets Funded American Communists

By REP. JOHN M. ASHBROOK (R-Ohio)

On Feb. 6, 1980, the House Intelligence Committee heard testimony from John McMahon, then the deputy director for operations for the Central Intelligence Agency. McMahon, one of the most experienced and highly regarded CIA officials, was describing to the Committee how the Soviet Union carried out their covert action which they call "active measures" against the free world. These are the Soviet operations to influence events in the

Actually, I already knew a great deal about this Soviet operation in our country. As the ranking minority member of the House Committee on Un-American Activities and later the Internal Security Committee, I was able to trace the Soviet subsidies for U.S. Communist party publications from the Soviet Bank for Foreign Trade through a Paris bank owned by the Soviet Union to the Chase Manhattan Bank and into the coffers of the Communist Party, U.S.A. The Paris bank, Banque Commerciale Pour L'Europe Du Nord, is often

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THE CHASE MANHATTAN BANK
New York, N. Y.

No. 446042

Date Jan 23 1965

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Pay to the order of The Worker 23rd St. Robert Dunn ***** \$20,000.00

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Reproduced above is a Chase Manhattan check for \$20,000 made payable to the Communist party publication, The Worker. This check was drawn on the order of the Bank for Foreign Trade in Moscow through a Soviet-owned bank in Paris. It was one of many.

target countries. They include forgeries, media placement, agents of influence, and funding of Communist and subversive groups.

McMahon described how the Soviets channeled \$50 million a year Approved For Release 2005/11/28 : CIA-RDP91-00901R000600210052-5
free world. I asked him how much of that comes into the United States. He responded that the CIA

used to launder Soviet funds to Communist and terrorist groups in the free world.

I also knew something even more startling. Herb Romerstein, a House Intelligence Committee staffer who pays close attention to these matters, had briefed me on a top-secret FBI penetration of the Communist party apparatus that was smuggling in

NORWICH SUNDAY BULL
23 August 1981

Cuban intelligence ga to expose, discred

By WILLIAM F. PARHAM
Bulletin Staff Writer

WASHINGTON — Former CIA agent Philip Agee, who has done more than any other U.S. critic to expose CIA agents and discredit the agency, was forced to leave the agency and later got key support in his anti-CIA efforts from Cuban intelligence officials, *The Bulletin* has learned.

Agee, who touted his 1975 anti-CIA autobiography *Inside the Company: CIA Diary* by claiming to have quit the CIA to combat the suffering it was causing, in fact quit at the request of the U.S. ambassador to Mexico and the CIA Mexico City station chief.

Agee was asked to resign because he had kidnapped his children from the U.S. and was becoming an embarrassment to the U.S. Embassy in Mexico.

Later, after he ran out of money from his CIA pension, he drifted from Mexico to Paris and accepted help from a French publisher who was working with the Cuban intelligence agency, *Direccion General de Inteligencia* (DGI), according to a retired CIA official.

This contact provided Agee with financial support and entree to Cuba where he was allowed to consult what he called Cuban government "documentation centers" — really DGI intelligence data banks — in writing his anti-CIA book.

Agee's autobiography was described in 1975 by *Washington Post* reviewer Patrick Breslin as "the most complete description yet of what the CIA does abroad. In entry, after numbing entry, U.S. foreign policy in Latin America is pictured as a web of deceit, hypocrisy and corruption. Now that we can no longer plead ignorance of the webs our spiders spin, will we continue to tolerate CIA activities abroad?"

Agee acknowledged in his book only that government libraries in Havana "provided special assistance for research and helped find data (on the CIA) available only from (Cuban) government documentation.

"Representatives of the Communist Party of Cuba also gave me important encouragement at a time when I doubted that I would be able to find the additional information I needed," Agee wrote.

Agee mentioned the French publisher in the acknowledgements section of his 1975 expose but did not identify him as having ties to the Cuban DGI.

"Also during this early period, Francois Maspero helped me realize that I would have to leave Mexico to find adequate research materials," Agee wrote.

"His advice was also of special value for the general focus and for the decision to concentrate on specific (CIA) operations rather than types."

Agee reconstructed most of his autobiographical expose, *Inside the Company: CIA Diary*, published in 1975, while he was in Cuba. He made six trips to Cuba during his research, including one that lasted for six months.

Permission from Cuba's DGI for an ex-CIA officer to come into Cuba to use government "documentation centers" — DGI data banks — for writing a book on the CIA had to have the approval of the Soviet KGB officer in charge of the Cuban intelligence system, Gen. Victor Simenov. Simenov and Agee had met in 1964 in Montevideo, Uruguay, when Agee was a CIA field agent there and Simenov was a Soviet KGB colonel.

After the 1968-69 Soviet takeover of the DGI, Simenov became one of three KGB officers supervising plans, operations, and sensitive projects at DGI headquarters. While in Havana he was promoted to KGB general and had an office next door to the DGI intelligence chief.

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WASHINGTON STAR
2 AUGUST 1981

Casey Speech Lifts Off Some CIA O

CIA Director William Casey partially pulled aside the agency's veil of secrecy last week in an address to CIA employees that has become public.

In it, Casey discussed agency operations during his first six months and made disclosures that normally would never have seen the light of day, including the names of people running key departments.

Casey was provisionally cleared last week by a Senate Intelligence Committee Wednesday of known allegations regarding his past business dealings and his judgment at the CIA. He explained his actions in a "pep talk" to agency employees Monday at their heavily guarded headquarters in Langley, Va.

CIA spokesmen by telephone gave the media a severely trimmed version of the remarks made by the director shortly after he delivered them. But when it was learned Casey had distributed the complete 11-page text to senators he visited on Capitol Hill, the agency issued the full contents.

As part of the speech, Casey told the CIA workers that during his first six months as their chief, "I have traveled to Europe, Asia, Central America and the Middle East and met with over 20 Station Chiefs in those areas."

For security reasons, the movements abroad of the CIA chief and top intelligence officials are never disclosed.

Other comments included:

● "John Stein is charged with strengthening counter-intelligence covert action and paramilitary capabilities as well as overseeing Clair George's direction of the clandestine service."

George has never before been publically named and the reference to a build-up of paramilitary capabilities is not the type of item generally disclosed.

Stein was appointed to succeed Max Hugel, the Casey appointee who resigned July 14 after published allegations - which Hugel denied - of past questionable securities transactions. Reporters following up on the appointment were told only that he was a veteran officer.

● "Last Wednesday, I returned from California where I visited contractors and Air Force program managers who were commended for the ingenuity which Les Dirks and our Science & Technology Directorate have applied to create such now-

erful and marvelous.

Again, the tail of the nation.

connected intelligence.

● "I have prepared analysts in the field."

ly predicted.

Nicaragua.

sive political.

"We have those."

should be considered.

were strictly coordinated.

not reached.

estimate.

There.

CIA intelligence.

sometime.

they were loaded with conflicting views and qualifying footnotes from other agencies.

● "One of the charges I have given to John McMahon, Harry Rowen, and our new chief of domestic collection, Joe Shugrue, is to see that our intelligence collection, analysis and estimating is augmented, checked and evaluated in every possible way by knowledgeable people and institutions in the private sector."

The reference to "domestic collection" may not be as ominous as it sounds. The CIA is forbidden by charter to engage in domestic spy activity but has agents authorized to interview Americans who return from abroad who might have information of intelligence value.

● "Jim Glerum has been asked to review employment forms and polygraph procedures to see if more can be done to bring out past incidents which could embarrass the Agency. Stan Sporkin [CIA General Counsel] is reviewing our contracts to develop additional protections against the kind of moonlighting and use of our contractors and technology which occurred in the Wilson-Terpil situation."

CIA employees are required to submit to polygraph or "lie detector" tests when hired and periodically thereafter. Former CIA agents Frank Terpil and Edwin Wilson were reported to have trained terrorists in Libya and engaged in illegal arms deals.

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ON PAGE A-18

NEW YORK TIMES
15 JULY 1981

Ex-C.I.A. Deputy Is Viewed As Lacking Professionalism

By ROBERT PEAR

Special to The New York Times

WASHINGTON, July 14 — Before his resignation today, Max C. Hugel was in charge of the largest directorate in the Central Intelligence Agency, the branch responsible for covert action and clandestine counterintelligence overseas.

Mr. Hugel did not fit the mold for that job in two respects: He had not had a career in professional intelligence work; instead, he had been a businessman in New Hampshire and worked on the Reagan campaign staff in last year's Presidential election. And, unlike most of his predecessors, he did not come from an Ivy League-style "gentlemen's club" background.

Mr. Hugel's title was Deputy Director for Operations. Before March 1973, the job bore the title of Deputy Director for plans. William E. Colby, who held the position in 1973 before he became Director of Central Intelligence, said in an interview today that he had asked James R. Schlesinger, then Director of Central Intelligence, to change the name because "plans" was a euphemism for what that part of the agency really did.

Besides Mr. Colby, two other men who had previously been in charge of the directorate for plans, or operations, were promoted from within the agency to Directors of Central Intelligence. They were Allen W. Dulles and Richard Helms. Mr. Dulles and Mr. Colby were graduates of Princeton, and Mr. Helms was a graduate of Williams College, an old liberal arts college in northwestern Massachusetts.

'The Heart of the Agency'

"It would be very unusual to have a nonprofessional, a businessman, an ordinary civilian running the directorate for operations," said Thomas Powers,

author of a recent biography of Mr. Helms. "That's certainly never happened before. That's one position where you want a professional. That's where the heart of the agency always was, and that's the office in which President were always most interested."

Presidents took an interest in the office because its covert agents could, at the President's behest, foment unrest in foreign countries. In addition, the Deputy Director for Operations supervised the recruitment of spies overseas, collecting minutely detailed information about low-level clerks in Soviet embassies abroad.

The Deputy Director also had authority over counterintelligence operations designed to learn about Soviet activities in general, and supervised all forms of psychological warfare conducted and information disseminated by the agency overseas.

Officials in the Reagan Administration said that William J. Casey, the Director of Central Intelligence, had recruited Mr. Hugel because Mr. Casey thought his rough-and-tumble style was exactly what was needed to rebuild the clandestine service. Some agency officials had become extremely cautious about conducting covert operations after years of Congressional investigations exposing unsuccessful and aborted projects, including plans to assassinate foreign leaders.

Which forced him to resign.

All of Mr. Hugel's predecessors had experience in intelligence work before they took charge of clandestine operations. Those who have held the position since Mr. Dulles are Frank G. Wisner, from 1952 to 1958; Richard M. Bissell Jr., 1958 to 1962; Mr. Helms, 1962 to 1965; Desmond Fitzgerald, 1965 to 1967; Thomas Karamessines, 1967 to 1973; Mr. Colby, 1973; William E. Nelson, 1973 to 1976; William Wells, 1976-77, and John McMann, 1977 to 1980.

FORT LAUDERDALE NEWS
June 1981

Hugel is no master spy

Appointment shocks CIA

Donald
Lambro

WASHINGTON — When CIA Director William Casey appointed his old friend Max Hugel as the agency's chief spy, it sent shock waves of disbelief through the intelligence community.

"It was like bringing in a chief of naval operations who has never been in the Navy," said a former high-level CIA official who has joined the exodus of top-flight talent from the agency in the last several years.

Originally, Casey appointed the 56-year-old Hugel last Feb. 13 as deputy director of administration — a move that sent tremors through the CIA, because of Hugel's complete lack of experience in modern intelligence work.

Then, early last month, Casey stunned intelligence officials by appointing Hugel director of operations, a post perhaps second in importance to that of the CIA directorship itself. Even the White House was caught by surprise, having been bypassed in the usual political clearance procedures.

What Casey had done was to place Hugel — who made millions after World War II by exporting sewing machines — in charge of the United States' clandestine operations.

Up to that point, intelligence sources say, Casey had made some shrewd decisions in an effort to rescue the agency from years of decline.

He had come into the job determined to carry out Ronald Reagan's private directive: Restore the agency to its former effectiveness. In that pursuit, Casey has surrounded himself with top intelligence officers. For example, he appointed Adm. Bobby Ray Inman, the former chief of the National Security Agency, to be CIA deputy director.

Inman is held in high regard as having a razor-sharp mind, but his experience has primarily been limited to technological and analytical matters and has had little to do with the dark-side of covert operations.

Indeed, Casey himself, though a highly competent manager, has had only modest experience in intelligence activities, and that was during World War II. He came into his present post uninitiated in the ways of modern intelligence operations.

Thus, among the three top people running the agency, none have had deep experience in clandestine work — which is the paramount mission of the CIA.

How, then, did Hugel — a relatively low-level campaign official — come to the position?

Hugel had first served as a Nashua coordinator for Reagan in the New Hampshire primary and later was put in charge of the campaign's nationalities and minorities division.

Those who worked with him said he "churned out a lot of paperwork" but was incapable of handling sensitive political problems.

"Personally, he was a very nice gentleman," said a campaign associate. "He was just in over his head when it came to politics."

But Hugel had two people in his corner who admired him greatly. First was, of course, Casey, who was a longtime friend and a neighbor of Hugel's on Long Island, where the two men maintained summer homes.

Second, there was William Loeb, the hard-driving conservative editor of the *Manchester Union Leader*. Loeb was Hugel's patron and pushed relentlessly for his appointment to a high post in the CIA.

Thus, when Casey reassigned Hugel's predecessor, CIA careerist John McMahon, to head the National Foreign Assessment Center, he turned to Hugel instead of pulling an experienced career officer out of the agency's ranks.

"He sent a devastating message to the agency's career employees," said one intelligence officer. "It has had a crushing effect upon morale here."

Over the last four years, more than 2,700 agents have left the CIA's clandestine service — partly due to former Director Stansfield Turner's reduction in force and partly because of Congress' heavy-handed punishment of the agency and the subsequent exposure of its agents.

That exodus is expected to continue as a result of Hugel's appointment, say knowledgeable intelligence sources.

As one former CIA operative put it: "What Casey is telling them (career officials) is that there is no one technically qualified in the ranks to head operations as there has been in the past."

Said a recent CIA retiree: "The guy who heads operations should be the master spy for the United States. In Hugel, we have a man who has absolutely no knowledge of the spy business."